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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002044

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SUBJECT: REACTIONS TO ANNOUNCEMENT ON CROSS-STRAIT CHARTER  
FLIGHTS

REF: TAIPEI 2041

Classified By: AIT Acting Director David J. Keegan,  
Reasons: 1.4 (b/d)

11. (C) Summary: AIT's political contacts view today's announcement of the Taiwan-PRC agreement on charter flights as positive, but two Pan-Blue legislators said the agreement did not go far enough or was just a "tiny step." Our contacts believe the announcement will boost President Chen, currently facing a recall motion by the opposition, with one contact predicting that Premier Su will be the major beneficiary, since he has been the DPP government's major proponent of expanding cross-Straits links. End Summary.

12. (C) Taiwan's Mainland Affairs Council (MAC) in Taipei and PRC aviation authorities in Beijing simultaneously announced on June 14 an agreement to allow cross-Straits passenger charter flights around four major holidays and to allow special cargo, medevac, and emergency charter flights in certain cases. (See refTel for details.) We asked several of our regular political contacts for their views on how this development will play in Taiwan politics, which is currently embroiled in the opposition Pan-Blue effort to recall President Chen over scandals and scandal allegations. Professor Emile Sheng, a light Blue political analyst, predicted that the Pan-Blue will not criticize but welcome this cross-Straits progress. Credit for the progress, he suggested, will accrue to Premier Su Tseng-chang, who is pushing policies to further open cross-Straits relations, rather than to President Chen, who earlier this year made statements seeming to indicate he wanted to "tighten" rather than further open cross-Straits exchanges. Consequently, the MAC statement will be seen as another strong indication that Premier Su is taking over from President Chen. Neither the Pan-Blue nor the Pan-Green will have an incentive to play up the significance of the PRC agreeing to make progress with the DPP government at this sensitive time in Taiwan politics. The Pan-Green is not looking for political support from Beijing, Sheng explained, while the Pan-Blue will not want to say anything suggesting PRC support for President Chen. Sheng doubted that the Pan-Blue bill on revising the law governing cross-Straits relations will pass during the current special Legislative Yuan (LY) session, characterizing the bill as a People First Party (PFP) political gesture.

13. (C) Academia Sinica research fellow Hsu Yung-ming, who is light Green, told AIT that progress on cross-Straits flights was consistent with the policy of President Chen, who hopes to normalize direct cross-Straits links before he leaves office in 2008. The Pan-Blue could be unhappy with the timing of the announcement, since it gives Chen a boost at a

time when they are working to undermine the president with their recall motion. Deep Green opponents of direct cross-Strait links will not raise objections, Hsu predicted; they will keep quiet to preserve Pan-Green unity in the face of the Pan-Blue recall challenge against Chen. Some in the Pan-Blue may regard the PRC agreement as a signal that Beijing does not want to see Vice President Annette Lu replace President Chen, fearing that Lu, unlike Chen, will block the expansion of direct cross-Strait links.

¶4. (C) KMT legislator Lai Shyh-bao told AIT the cross-Strait charter flights agreement was certainly a step in the right direction, but did not go far enough. The MAC announcement was a victory for Chen, Lai continued, and may persuade fence-sitters not to support the recall motion, while at the same time energizing the Pan-Green in their opposition to the recall. The agreement would have little effect on Pan-Blue support for the cross-Strait direct links bill, Lai suggested, because the goal of the bill is to break free of the charter flights limitations and to establish direct, regularized air and sea links.

¶5. (C) PFP legislator and spokesman Daniel Hwang (Yih-jiao) characterized the charter flights agreement as a "tiny step" toward the PFP's goal of full-time, direct cross-Strait air links. Hwang cited the recently released Taiwan AmCham "White Paper," which reported that seventy percent of the Taiwan business community support such links. The PRC has been willing to move forward with direct links for some time, Hwang argued, and the MAC could have made much greater progress if it had wanted to do so. Hwang argued that Chen's agreement to expand cross-Strait links is an admission that such links are necessary for Taiwan's economic well-being,

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which should help the Pan-Blue marshal support for their cross-Strait direct links bill. According to Hwang, many Pan-Blue politicians suspect the DPP government of delaying the charter flights announcement until now to give the beleaguered Chen a boost at the right time. The recall will fail, Hwang predicted, unless the Pan-Blue can uncover corruption evidence implicating Chen within the next two weeks.

¶6. (U) According to the media, DPP and Taiwan Solidarity Union (TSU) legislative caucus leaders welcomed the agreement announced by MAC. DPP whip Yeh Yi-chin and TSU policy director Ho Min-hao said they are not opposed to normalization of cross-Strait links if the government can maintain Taiwan's sovereignty and dignity in negotiations. KMT Mainland Affairs Director Chang Jung-kung praised the MAC for its work, but said Taiwan businessmen operating in the PRC will not be satisfied until regular charter flights become a reality. PFP legislative caucus convener Lee Hung-chun called the agreement insignificant because it would not help Taiwan's economy. He said the Pan-Blue will continue to push for the passage of the cross-Strait bill to force the government to work harder to normalize cross-Strait links.

Comment  
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¶7. (C) President Chen, beleaguered by the recall effort and the related non-stop media focus on scandal allegations and counter-allegations, has received a much-needed political boost when he most needed it. The charter flights agreement also helps the DPP government across the board, since it undermines the opposition charge that the DPP government had failed to make progress in cross-Strait relations. In addition to Chen, Premier Su, Vice Premier Tsai Ing-wen, and the MAC will all receive credit for progress. The agreement will take some steam out of the recall effort, which may not garner all of the political benefits that Pan-Blue hard-liners were hoping for. Perhaps not coincidentally, today's announcement reminded the Pan-Blue that they cannot

assume that they have a lock on Beijing's support.  
KEEGAN